



Budget Speech
OF
THE HON. ERNEST C. MANNING
TREASURER OF THE PROVINCE OF ALBERTA

Delivered on March 5th
1954
IN THE
Legislative Assembly of Alberta
ON MOVING THE HOUSE INTO COMMITTEE OF SUPPLY

ALSO STATEMENTS OF
FINANCIAL AND GENERAL INFORMATION

PUBLISHED BY ORDER OF THE LEGISLATIVE ASSEMBLY

EDMONTON
Printed by A. Shnitka, Queen's Printer for Alberta
1954

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BUDGET SPEECH

THE HON. ERNEST C. MANNING

Mr. Speaker:

This is the tenth annual occasion on which it has been my responsibility and privilege to move that you do now leave the Chair and that this Assembly resolve itself into a Committee of Supply for the consideration of sums to be granted to Her Majesty.

These ten successive provincial budgets viewed in retrospect illustrate the phenomenal growth that has taken place in our economy during this eventful decade. Every citizen of Alberta has reason to view the unprecedented record of progress and achievement with grateful satisfaction and justifiable pride.

The provincial budget of ten years ago provided for total public expenditures amounting to \$39,094,556. The budget I am presenting to you tonight provides for expenditures totalling \$204,949,712. Comparisons in the amount provided for the various major public services are equally significant. Ten years ago, total appropriations for education amounted to \$4,623,167. For the coming year, these total \$22,358,110. School grants in the budget of ten years ago totalled \$3,117,620. For 1954-55, they total \$18,560,000.

For Public Health services in the budget of ten years ago, \$3,284,941 was provided. For the coming year, the amount is \$18,204,200. For highway construction ten years ago, the Legislature appropriated \$1,090,010. For the coming year, you will be asked to approve appropriations totalling \$41,860,830.

The aggregate public expenditures for this ten year period may also be of interest. Total ordinary and capital expenditures, including statutory payments amount to \$951,052,380. Of that grand total, \$89,194,620 was provided for school grants, \$92,077,996 for Public Health, \$57,135,782 for Public Welfare, \$169,357,525 for construction on main highways, and \$58,975,165 for retirement of our public debt.

Turning now to the budget for the coming year, it is estimated that over-all revenues will total \$157,315,465, an increase of \$18,947,305 over the estimates for the present year. Expenditures, exclusive of statutory provisions, are estimated at \$156,949,712, an increase of \$18,991,582. Statutory provisions for loaning purposes will amount to \$48,000,000, making total estimated expenditures of \$204,949,712 which represents an increase of \$30,866,582 over the amount appropriated by this Legislature a year ago.

Following the practice established in the budget of last year, I have prepared the following summarized statement showing the allocation of expenditures to each of the major public services.

ESTIMATES—1954-1955

Service	Income Account	Capital Account	Total	Less reimbursements not included in Revenue	Net Total	Percentage
Public Debt.....	\$ 5,546,000	.....	\$ 5,546,000	\$ 841,120	\$ 4,704,880	2.30%
Executive Council and Legislation.....	1,952,390	.....	1,952,390	.....	1,952,390	.95
Agriculture and Water Resources.....	2,652,690	.....	2,652,690	118,885	7,085,245	3.46
Attorney General.....	3,420,150	.....	3,420,150	.....	3,420,150	1.67
Education and Vocational Training.....	23,375,845	1,277,000	24,652,845	599,890	24,052,955	11.74
Municipal Affairs.....	1,173,160	.....	1,173,160	311,500	861,660	.42
Provincial Secretary.....	762,310	.....	762,310	21,000	741,310	.36
Public Health.....	20,964,600	3,517,500	24,482,100	2,760,400	21,721,700	10.60
Public Welfare.....	10,902,945	250,000	11,152,945	1,935,200	9,217,745	4.50
Public Works, Railways and Telephones.....	3,577,307	5,428,285	9,005,592	.....	9,005,592	4.39
Treasury.....	10,815,055	25,000	10,840,055	.....	10,840,055	5.29
Industries and Labour, Economic Affairs.....	1,601,090	1,800	1,602,890	.....	1,602,890	.78
Lands and Forests.....	3,309,550	535,115	3,844,665	398,715	3,445,950	1.68
Mines and Minerals.....	1,028,495	59,500	1,087,995	.....	1,087,995	.53
Highways and District Roads.....	15,444,865	42,089,830	57,534,695	325,500	57,209,195	27.91
TOTAL ESTIMATES.....	\$106,526,452	\$57,735,470	\$164,261,922	\$7,312,210	\$156,949,712	76.58%
STATUTORY LOANS						
Alberta Government Telephones.....	.....	\$ 8,000,000	\$ 8,000,000	.....	\$ 8,000,000	3.90
Municipal Capital Expenditure Loans' Fund.....	.....	35,000,000	35,000,000	.....	35,000,000	17.08
Rural Electrification Revolving Fund.....	.....	5,000,000	5,000,000	.....	5,000,000	2.44
TOTAL LOANS.....	.....	\$48,000,000	\$48,000,000	.....	\$48,000,000	23.42
TOTAL BUDGET.....	\$106,526,452	\$105,735,470	\$212,261,922	\$7,312,210	\$204,949,712	100.00%

While many of the appropriations represent substantial increases over the amounts recommended a year ago, the increases are due to the continued progressive expansion of our provincial economy and the beneficial development of our vast natural resources. It is the government's view that expenditures necessary to encourage the continuation of this development are in the public interest and that the benefits accruing to the public treasury from such development should be passed on to the citizens of the province as a whole.

To assist honorable members in appraising the present status of our provincial economy, I have prepared the following statistical summary.

AGRICULTURE

In the field of Agriculture, 1953 was the third consecutive year in which the crop yields of Alberta and Canada were above normal. The 1908-1953 45-year average yield of the major grain crops of the province was wheat, 18.2 bushels, oats, 34.5 bushels and barley 26.5 bushels per acre. The 1951-53 averages were wheat, 25.4, oats 48, and barley 35.7 bushels per acre. This means that for the past three years wheat and oat yields have been 40% and barley 32% above the long term average, an experience unprecedented in the agricultural history of western Canada.

The large surpluses resulting from this superabundance of production emphasize the urgent need for a drastic revision of international trade policies to permit realistic trade agreements with nations where agricultural products are in short supply. Only by prompt government action to remove the financial barriers in the way of such agreements can Canadian farmers be assured an economic market for their production and the hungry of less fortunate nations be fed.

The growing over-all world demand for food products emphasizes both the importance and the basically sound long term position of Canadian agriculture but until the more efficient distribution of agricultural production is established on an international scale our farming industry will be confronted with recurring depressing influences which can be offset only by the most effective use of capital, labor, and scientific knowledge to reduce production costs and increase the quality and diversification of production.

The following table shows in detail the comparative values of agricultural products for the crop years 1952 and 1953:

FIELD CROPS

	1952 (final)		1953 (preliminary)	
	Production Bushels	Value	Production Bushels	Value
Wheat	172,000,000	\$266,600,000	163,000,000	\$260,030,000
Oats	129,000,000	76,110,000	112,000,000	68,320,000
Barley	118,000,000	121,540,000	108,000,000	95,040,000
Other coarse grains	15,600,000	12,636,000	12,521,000	10,773,000
Flaxseed	2,000,000	6,200,000	1,800,000	3,474,000
Potatoes	3,256,000 Tons	4,982,000	2,757,000 Tons	4,549,000
Sugar Beets	480,000	7,680,000	422,500	5,914,000
Hay and Clover	2,261,000	35,046,000	2,600,000	36,400,000
Miscellaneous		7,444,000		5,872,000
Total value		\$538,238,000		\$490,422,000
Field Crop Production		A Decrease of \$47,816,000		

LIVESTOCK MARKETED

	1952 (final)		1953 (preliminary)	
	Number	Value	Number	Value
Cattle and Calves	445,397	\$ 77,621,000	570,531	\$ 73,343,000
Sheep and Lambs	133,086	2,432,000	107,180	1,834,000
Swine	1,362,142	52,674,000	1,445,028	67,870,000
Horses	17,726	713,000	32,026	1,379,000
Total Value		\$133,440,000		\$144,426,000
		An increase of \$10,986,000		

LIVESTOCK PRODUCTS

	1952 (final)	1953 (preliminary)
Dairy Products	\$45,655,000	\$47,913,000
Poultry Products	25,141,000	27,870,000
Honey	618,000	470,000
Wool	637,000	774,000
Fur Farming	2,836,000	2,651,000
Total Value	\$74,937,000	\$79,678,000
		An increase of \$4,741,000

SUMMARY

	1952 (final)	1953 (preliminary)
Field Crops	\$538,238,000	\$490,422,000
Livestock marketed	133,440,000	144,426,000
Livestock products	74,937,000	79,678,000
	\$746,615,000	\$714,526,000
		A decrease of \$32,089,000

While the above summary indicates the total value of agricultural production was \$714,526,000, the cash income to our farmers was considerably less due to a substantial portion of field crops being utilized by the farmers themselves in the production of livestock and poultry. The actual cash income to farmers for 1953 is presently calculated to be \$487,893,000, a decrease of \$18,767,000 from the preceding year.

WATER RESOURCES AND POWER DEVELOPMENT

An amount of \$3,810,000 was provided in the Estimates last year for the construction of distribution canals for the St. Mary and Milk River Irrigation Development, and for this purpose, 18 contracts were awarded, totalling \$2,369,000. The main low level canal was completed during the year to supply water to irrigable lands between the Chin Reservoir and Medicine Hat.

This year, the Legislature is being asked to provide a further \$3,000,000 to construct the necessary secondary canals. This will

complete the construction program until such time as an agreement is reached between the Government of Canada and the United States, with respect to the waters of the Waterton and Belly Rivers.

While it was the intention to do considerable work in the western section of the Bow River irrigation project during the year, it was not until June 23rd that the necessary Dominion-Provincial agreement was completed and not until late fall that actual construction was commenced. This project will be continued during the ensuing year and an appropriation of \$750,000 is being requested for the construction of distribution canals for some 60,000 acres of irrigable land.

Flood run-off conditions, which occurred during the year, caused serious erosion damage in some areas. Approximately \$250,000 was expended for stream control works at Medicine Hat, Fort Macleod and High River.

Good progress has been made with the construction of the Bearspaw Dam on the Bow River by the Calgary Power Company Limited, and work is proceeding on the power house and spillway section.

RURAL ELECTRIFICATION

The membership of Rural Electrification Associations currently operating now totals 19,013, as compared to 13,051 last year. Direct connections from Power Company lines to individual farms have raised this total to 24,181 outlets. In addition, there are 3,496 non-farm customers, making a grand total of 27,677.

Six thousand, one hundred and twenty-six farms were connected during the year 1953 and it is anticipated that an additional 5,000 new subscribers will be supplied in 1954.

At the last session of the Legislature, the Rural Electrification Revolving Fund Act was passed, establishing a revolving fund from which loans are made to Rural Electrification Associations to assist farmers in obtaining electricity. Loans totalling \$4,133,287 have been made and payments of \$40,998 were received.

The statutory estimates this year will allocate an additional \$5,000,000 to the revolving fund to further extend this assistance.

At December 31st, 1953, additional Rural Electrification Associations government guaranteed loans totalled \$6,494,000,

NATURAL RESOURCES

The past year was highlighted by the further orderly development of Alberta's oil and gas resources. Total oil production amounted to 76,818,432 barrels, valued at \$193,118,494. This was an increase of 17,909,710 barrels over the production for the previous year and an increase in value of \$53,460,579. Active natural gas and petroleum leases at the end of the year totalled 23,343, representing 19,149,800 acres. There were 396 reservations, aggregating 23,514,752 acres.

Natural gas licenses, including 13 Crown reserve licenses, total 47 and comprise 1,861,188 acres while 23 natural gas leases under development total 163,917 acres.

Highlighting the year's activities was the discovery of what may prove to be a major oil field, located along the Pembina River. Wells scattered over a wide area in the vicinity of Drayton Valley are producing high grade crude oil from the cardium sandstone, a formation of the upper cretaceous age. It is possible that this promising new field, regarded as one of the most important oil discoveries to date, when fully developed may exceed in size and output any Canadian oil field presently in production.

During the year, a number of previously discovered pools have been substantially expanded, including the original Sturgeon Lake discovery in the Peace River area which has been extended to approximately twenty miles in length. In the Homeglen - Rimbey area, a major gas reserve with a thin zone of very high grade oil was discovered during the year. Pending further delineation of the reservoir, the Alberta Petroleum and Natural Gas Conservation Board estimates that it contains a minimum of 500 billion cubic feet of disposable gas.

A total of 1,559 wells were drilled during the year, bringing the total of producing oil wells to 4,504 as at December 31st, 1953. The daily potential production from these wells is approximately 317,000 barrels, while actual production, governed by available market outlets, is averaging approximately 260,000 barrels per day.

During the year, the Trans Mountain Pipe Line connecting Edmonton to the Pacific Coast was completed and went into operation in October. Approximately 35,000 barrels of crude oil are being delivered daily through the line to refineries in the Vancouver area. Pacific Coast markets for Alberta crude have not developed as anticipated due to a substantial drop in ocean tanker rates on oil from Asiatic sources.

Good progress is being made on the construction of a large refinery at Ferndale in the State of Washington, which will be supplied with Alberta crude by a spur line tapping the Trans Mountain Pipe Line at Sumas on the international border. The Ferndale refinery will provide a market for an additional 35,000 barrels of crude oil per day.

During the year, the refineries at Sarnia, Ontario, were directly connected with the Edmonton terminal of the Interprovincial Pipe Line by the construction of a thirty-inch line between Superior, Wisconsin, and Sarnia, Ontario, a distance of 630 miles. This connecting link eliminates the necessity of transporting Alberta crude from Superior to Sarnia by tanker and removes the difficulties arising from the interruption of water transportation during the winter months. The Interprovincial Pipe Line now spans a distance of 1,762 miles from Edmonton to Sarnia and has a capacity out of Edmonton of approximately 160,000 barrels per day.

During the past year, the oil and natural gas industry spent approximately \$280,000,000 in Alberta on exploration and development, an increase of approximately \$30,000,000 over the previous year. It is anticipated that expenditures for exploration and development will exceed \$300,000,000 during 1954.

NATURAL GAS

Natural gas production totalled approximately 114 billion cubic feet, of which 63,722,000,000 were marketed in Alberta and 10,067,100,000 cubic feet were exported to British Columbia and Montana.

Encouraging progress has been made towards the establishment of an economic export market for gas production surplus to Alberta's own present and future requirements. Through the co-operation of the Government of Canada, the gas marketing projects proposed by Trans-Canada Pipe Lines Limited and Western Pipe Lines have been amalgamated into one comprehensive undertaking designed to transport gas surplus to Alberta's requirements to eastern Canadian markets with a spur line serving the Minneapolis area of the United States.

Investigations conducted by the Petroleum and Natural Gas Conservation Board have established the fact that Alberta now has vast quantities of gas surplus to provincial requirements for which it is in the interests of the province that an economic export market be found at the earliest possible date.

The board's findings may be summarized as follows:

1. Alberta's established gas reserves as at June 30th, 1953, are placed at 11.5 trillion cubic feet, an increase of 4.7 trillion cubic feet since the board's previous report of March 1952.

2. The province may anticipate a further increase in established gas reserves of from 1.25 to 1.5 tcf per year for the next ten years, if incentive for development is maintained.

3. Alberta's total requirements for the next 30 years are estimated at 4.45 tcf for which reserves in the amount of 6.4 tcf are necessary to meet annual and peak day requirements.

4. As at June 30th, 1953, Alberta had available for export approximately 3.5 tcf of deliverable surplus gas and it is anticipated that this amount will increase to approximately 5 tcf by the time a pipe line to eastern Canada can be constructed.

5. The board recommends an internal trunk line gathering system under exclusive provincial jurisdiction and control. The Government concurs in the board's findings and in the board's recommendation with respect to an internal trunk line gathering system.

In appraising the importance and value of export markets for gas surplus to Alberta's requirements, there are those who contend that greater industrialization would be induced in Alberta if the export of surplus gas was prohibited. The fallacy of this theory is obvious when it is realized that gas containing chemical by-products in commercial quantities is required to be processed locally before the residue or processed gas is removed from the province. Gas processing plants, and petro-chemical industries to utilize the chemical by-products, offer the greatest industrial potentialities associated with the development of our gas resources but large scale local industrialization in this field cannot be attained without an adequate and economic market for the vast quantities of residue or processed gas involved.

Alberta's total gas requirements for all purposes are insufficient to provide such a market and hence export of processed gas offers the most sensible and practical solution to this problem which today is restricting an important phase of potential industrial growth in Alberta and impeding a more extensive development of our oil and gas resources.

The construction of the proposed Trans Canada Pipe Line to transport surplus residue gas from Alberta to eastern Canada and available American markets is the largest undertaking of its kind on this continent and its long term impact on the economy of Canada and this province, in particular, is comparable only to that which stemmed from the construction of the Canadian Pacific Railway in the early years of Canada's development as a nation. If and when this project assures an adequate and economic market for Alberta's surplus residue gas, we may anticipate a program of gas exploration, development, processing and industrialization that may equal or exceed in magnitude and in beneficial results to the people of this province the development of our vast oil resources currently taking place.

COAL

Alberta's important coal industry has, in recent years, suffered from loss of markets to competitive fuels. Replacement of railway locomotives by diesel units and the conversion of coal burning locomotives to oil burners has greatly reduced what formerly was a substantial market for bituminous coal. Oil and gas progressively have eliminated coal from local domestic and industrial markets, while excessive transportation costs have made the capture and retention of eastern Canadian markets extremely difficult. Production in 1953 totalled 5,917,423 tons, a decrease of 1,277,049 tons from the previous year.

The government has assured the industry of its full co-operation in a renewed effort to increase the sale of Alberta coal in eastern markets and in this endeavour the Government of the Province of Ontario and the Department of Mines and Technical Surveys of the Government of Canada have indicated active support. The government is convinced that a long range solution to the problems facing our coal mining industry must be sought in fields other than the utilization of coal in its natural state. With this in mind, the Legislature at this session will be asked to approve a substantial appropriation to provide a research laboratory for the Alberta Research Council with special pilot plant facilities for coal research. The Government of Canada has agreed to assist in staffing this research laboratory with qualified personnel to carry out this important program from which it is hoped beneficial results will be obtained.

SULPHUR

The sulphur plants established at Jumping Pound and Turner Valley completed their first full year of operation in 1953. A total of 18,298 short tons of sulphur were produced. The West Coast pulp and paper industry was the principal market, while limited quantities were sold on the international market including 3,000 tons which were shipped to Brazil and 1,100 tons to Ceylon.

SALT

Salt production in 1953 totalled 25,182 tons, all of which was produced at the Elk Point plant. An enlargement of this plant during the present year will increase its capacity to produce fused salt for western industrial use.

MINERAL EXPLORATION

Active interest has been manifest during the year in the possibility of discovering uranium and other metallic ores in commercial quantities in the area north of Lake Athabasca. During the past year, 1,351 quartz claims were issued. While no commercial discoveries have been reported to date, there are a number of promising indications that uranium may be discovered in quantities large enough to make commercial development possible.

LANDS AND FORESTS

Applications for homesteads during the past year totalled 1,318. There are now 6,240 homestead leases in force, covering approximately one and a half million acres of land.

Surveys were completed on approximately 7½ townships in the Blueberry, Snipe Lake and Valleyview districts and these areas will be opened for settlement shortly.

Throughout the province, approximately 2,868,000 acres of Crown lands are now under grazing leases, 350,000 acres are under cultivation leases, and 350,000 acres of public and school lands are covered by 2,421 agreements of sale.

During the past year, 409,500 thousand board feet of lumber, 1,512,494 railway ties and 22,619 cords of pulpwood were cut and removed from Alberta's forests. The total value of these products is estimated at \$19,980,000 as compared with \$19,946,000 in the previous year.

Further provision is being made for the protection of our forest resources by additional lookout stations, fire fighting equipment, radio communication facilities and increased personnel.

It is anticipated that the forest inventory of the province will be completed by April 1956. To date, 82,000 square miles of forests have been classified and mapped. The total area involved is 150,000 square miles. By agreement, the Government of Canada will share one-half of the cost of completing the inventory and will provide for its future maintenance.

During 1953, the commercial catch of fish totalled 10,428,000 lbs. with a dealer's market value of \$1,127,500, this being the largest catch in recent years.

Approximately 2,345,000 lbs. of fish, valued at \$400,000 were exported from the province.

INDUSTRIAL DEVELOPMENT

Capital expenditures by Alberta industries during the year exceeded \$38,000,000, as compared with \$22,000,000 expended in 1952.

Four large companies, recorded in previous reports, have now commenced operation. The Canadian Chemical Plant, Clover Bar, is producing chemicals, cellulose, acetate and filament yarns. Canadian Industries Limited, located near Edmonton, is producing polythene. The new plant of Crane Limited, Calgary, is manufacturing valves and fittings, and Western Chemicals Limited, at Duvernay, now is producing caustic soda, chlorine and muriatic acid from Alberta salt and natural gas.

Alberta companies, incorporated during the year, total 1,202, representing capital in excess of \$137,660,000. In addition, 190 outside companies were registered with estimated expenditures in Alberta in excess of \$48,000,000.

CO-OPERATIVE ACTIVITIES

On December 31st, 1953, there were 601 Co-operative Associations in operation, an increase of 85 over last year. Rural Electrification Co-operatives numbered 305, an increase of 74, and Consumer Co-operatives numbered 120.

Membership in Credit Unions has increased to 35,000 with assets exceeding \$7,500,000. Loans made since the inception of Credit Unions in this province now exceed \$32,000,000.

THE ALBERTA HAIL INSURANCE BOARD

Last year, insurance protection totalling \$26,717,000, covering 3,408,700 acres of crop, was placed with the board by 17,628 farmers. The premiums charged for this protection totalled \$2,150,650, which represents a cost of 63¢ per acre, or 8% of the total risk.

During the season, unusually severe hail losses resulted in damage claims from 4,686 policyholders, covering 617,416 acres, which were adjusted for a total of \$2,543,371, which was \$392,721 in excess of the premium income received.

The reserves and accumulated surplus of the board were \$1,800,000 as at December 31st, 1953, after providing for the loss incurred on the year's operations.

The board is providing protection to its policyholders at the lowest possible cost, and operates without guarantee or financial assistance from the Government.

TREASURY BRANCHES

During the past year, there was a substantial increase in the volume of business transacted by the provincial Treasury Branches. Deposits as at December 31st, 1952, of \$38,744,000 increased to \$40,425,000, representing 60,346 depositing customers as compared with 58,725 a year ago.

As at December 31st, 1953, outstanding loans totalled \$20,706,000, an increase of \$3,570,000 over the corresponding date last year.

Revenues for the fiscal year 1952-53 totalled \$1,455,000, an increase of \$147,000 over the previous year, while administration costs increased only \$28,000 during the same period. A gross profit of \$84,000 was shown as compared with a loss of \$35,000 in the previous year.

An additional \$81,500 from the year's gross profit was transferred to the Reserve Fund for bad and doubtful debts, making total credits to the fund to date of \$281,612. Charges to the Reserve Fund to March 31st, 1953, less subsequent recoveries total \$101,986, leaving a balance in the fund of \$179,626.

During the year, new branches were opened at Nanton and Bow Island, making a total of 47 branches, 15 sub-branches, and 91 agencies currently in operation.

PUBLIC ACCOUNTS

The operations of the government for the fiscal year ended March 31st, 1953, resulted in an over-all surplus of \$26,660,900, as compared with an estimated surplus for the year of \$279,300. This wide variance between the estimated and the actual is accounted for mainly by oil revenue, which was \$20,365,000 greater than anticipated, and by the receipt of an additional \$5,050,000 under the Dominion-Provincial Tax Agreement which expired in 1952 but the final payment accruing from the agreement was not received until the 1953 fiscal year.

The Public Accounts have been tabled and released to the press, and it therefore is not necessary for me to deal with them in detail at this time.

CURRENT FISCAL YEAR

Copies of the Interim Financial Statement for the nine months ended December 31st, 1953, have been furnished to the members of the Assembly.

The interim statement shows an over-all cash surplus of \$9,508,975 as compared with \$16,659,045 for the similar period in 1952.

Since December 31st, 1953, this surplus has been substantially increased from the recent sale of oil development leases which established an all time record in beneficial returns accruing to the public treasury.

Revised estimates of anticipated receipts from major sources of revenue indicate the following adjustments:

	Original Estimate	Revised Estimate	Increase
Tax Rental Agreement	\$ 23,000,000	\$ 30,800,000	\$ 2,800,000
Fuel Oil Tax	16,000,000	17,000,000	1,000,000
Alberta Liquor Board	14,000,000	14,500,000	500,000
Oil Revenues	44,600,000	91,000,000	46,400,000
(including lease sales, rental fees and royalties)			
Auto and Truck Licenses	7,900,000	8,900,000	1,000,000
	<u>\$110,500,000</u>	<u>\$162,200,000</u>	<u>\$ 51,700,000</u>

PUBLIC DEBT

In the budget of last year, I referred to the fact that the Province of Alberta had become the first province in Canada in which cash surpluses and investments exceeded the total remaining public debt.

For the information of honorable members, the following comparative statement shows the position of the provincial public debt as at December 31st, 1953, and the accumulated cash and investments as at the same date. For reference purposes the provincial debt outstanding at the end of preceding fiscal years also is indicated.

Year ended	Net Funded Debt	Net Guaranteed Debenture Debt	Unfunded Debt	Total Debt
March 31, 1936	\$142,941,031	\$ 5,672,358	\$ 18,413,755	\$167,027,144
March 31, 1940	142,926,136	5,022,516	8,573,071	156,501,723
March 31, 1945	138,821,431	3,941,644	7,396,744	150,159,819
March 31, 1950	121,165,894	32,000	9,402,793	130,600,687
March 31, 1951	100,596,538	26,000	11,207,594	111,830,132
March 31, 1952	97,742,437	4,000	2,690,603	100,437,040
March 31, 1953	94,801,037	2,000	2,649,387	97,452,424
December 31, 1953	91,731,654	2,000	2,500,000	94,233,654

The above summary reveals a net reduction in total provincial debt during the present fiscal year of \$3,168,770 and a total net reduction since March 31st, 1936, of \$72,743,490.

Cash and investments at December 31st, 1953, amounting to \$169,160,868, consisted of the following:

Cash	\$ 5,480,938
Bonds and Debentures	80,355,563
Loans to Municipalities:	
Self-Liquidating Projects Act	19,315,400
Municipal Capital Expenditures Loans Act	24,736,111
Rural Electrification Loans	4,092,238
Loans to Alberta Government Telephones	35,180,563
	<u>\$169,160,868</u>

Of the remaining funded public debt, \$60,700,000 is payable in either Canadian or United States currency at the option of the holder and is callable on or after March 1st 1954, subject to the payment of a 2% premium on the principal amount redeemed. Under existing circumstances, it would not be in the public interest to exercise the call feature in that the average coupon rate on our remaining debt is only 2.78% while provincial investments are netting an interest return in excess of 3%. The government consequently does not propose to accelerate the retirement of our remaining unmatured provincial debt believing the public interest is better served by making reserve funds accumulated from surplus revenues available at low rates of interest to municipalities, school districts and hospital districts to help defray the cost of necessary capital construction.

The sum of \$4,704,880 is provided in the estimates for the normal debt service charges during the ensuing year. Of this sum, \$1,990,880 is for interest payments and \$2,714,000 for the retirement of bonds maturing during the year.

ESTIMATES

Fiscal year ending March 31st, 1955

May I now ask your consideration of the estimated revenues and expenditures for the fiscal year ending March 31st, 1955.

Copies of the detailed estimates have been tabled and made available to all honorable members.

Total estimated revenues and expenditures are summarized as follows:

Estimated Revenue — Income Account	\$151,973,865	
Estimated Revenue — Capital Account	5,341,600	
		\$157,315,465
Estimated Expenditure — Income Account	\$ 99,612,957	
Estimated Expenditure — Capital Account	57,336,755	
		156,949,712
Estimated Surplus — Income and Capital Accounts	\$ 365,753	
Net Statutory Payments	48,000,000	
Amount to be provided from Accumulated Surpluses	\$ 47,634,247	

The estimated revenue, by departments, on Income Account for the coming year, as compared with current fiscal year is shown in the following table.

Department	REVENUE — INCOME ACCOUNT		Increase Decrease x
	Estimates 1954-55	Estimates 1953-54	
Executive Council	\$ 997,100	\$ 963,000	\$ 34,100
Legislation	11,065	11,065	
Agriculture	421,700	412,295	9,405
Agriculture — Water Resources	80,000	60,000	20,000
Attorney General	2,901,500	2,560,900	340,600
Education	257,400	223,000	34,400
Municipal Affairs	24,000	53,000	29,000x
Provincial Secretary	24,653,800	20,689,000	3,964,800
Public Health	1,238,600	1,267,750	29,150x
Public Works	275,100	270,100	5,000
Treasury — Gov't. of Canada Subsidies	2,150,000	2,135,000	15,000
Treasury — Tax Agreement	31,000,000	28,000,000	3,000,000
Treasury	21,807,300	19,491,500	2,315,800
Industries and Labour	265,100	229,250	35,850
Economic Affairs	4,000	4,000	
Lands and Forests	5,155,000	5,300,000	145,000x
Mines and Minerals	55,252,000	46,432,000	8,820,000
Highways	5,480,200	4,951,300	528,900
	\$151,973,865	\$133,053,160	\$ 18,920,705

A net Increase of \$18,920,705

It should be noted that these increases in revenue are the direct result of the continued progressive expansion of our provincial economy and the orderly development of our natural resources in the interests of the people of the province as a whole. No new taxation or increase in prevailing tax rates, license fees or other levies are contemplated.

For the information of honorable members the following table indicates the percentage of total provincial revenue derived from each of the main sources of income.

	Actual 1950-51	Actual 1951-52	Actual 1952-53	Estimated 1953-54	Estimated 1954-55
Tax Transfer Agreement	17.07	18.23	22.26	22.65	21.81
Fuel Oil Tax — Car and Truck Licenses	15.22	15.92	14.79	17.97	13.51
Alberta Liquor Control Board	10.21	10.62	9.17	10.52	9.87
Natural Resources	41.73	37.68	41.24	38.88	39.75
All Other Sources	15.77	17.55	12.54	9.93	10.06
	100%	100%	100%	100%	100%

Actual percentages are shown for the first three years and estimated for the present uncompleted fiscal year and for the coming year 1954-55.

The anticipated increase in revenue is mainly accounted for by the following items:

Item	1954-55	1953-54	Increases
Petroleum and Natural Gas			
Sale of Leases and Reservations	\$ 18,000,000	\$ 13,000,000	\$ 5,000,000
Rentals, Fees, etc.	13,000,000	16,000,000	2,000,000
Royalties	14,000,000	12,500,000	1,500,000
Tax Rental Agreements	33,150,000	30,135,000	3,015,000
Fuel Oil Tax	19,000,000	16,000,000	3,000,000
Alberta Liquor Control Board	15,000,000	14,000,000	1,000,000
Automobile and Truck — Fees and Licenses	9,137,000	7,912,000	1,225,000
School Lands — Sales, Rentals, Fees	4,065,000	3,500,000	565,000
Earnings from investment of surplus funds	4,463,000	3,245,000	1,218,000
Land Titles Act	1,650,000	1,500,000	150,000
Amusements Tax Act	1,509,000	1,224,000	285,000
All Other Sources	13,999,865	14,037,160	37,295
	<u>\$151,973,865</u>	<u>\$133,053,160</u>	<u>\$ 18,920,705</u>

EXPENDITURE — INCOME ACCOUNT

Estimated ordinary expenditures for the coming year total \$99,612,957, which, when compared with the estimates for the current year's total of \$85,418,345 shows an increase of \$14,194,612.

For comparative purposes, the following table shows the estimated expenditure by departments for the year ending March 31st, 1954, and for the year ending March 31st, 1955, and indicates the percentage of total expenditure represented by the program proposed for each department of government.

EXPENDITURE — Income Account					
Department	Estimates 1954-55	Estimates 1953-54	Increase	Decrease	Percentage of total Expenditure
Public Debt Charges	\$ 4,704,880	\$ 4,726,460	\$	\$ 21,580	4.72
Executive Council	1,353,495	1,147,140	206,355		1.36
Legislation	598,895	452,035	146,860		.60
Agriculture	2,404,565	2,232,125	172,440		2.41
Agric. Water Resources	129,240	133,340		4,100	.13
Attorney General	3,420,150	3,004,115	416,035		3.43
Education	22,338,110	18,643,130	3,694,980		22.42
Municipal Affairs	861,660	822,150	39,510		.87
Prov. Secretary	741,310	669,800	71,510		.74
Public Health	13,204,200	15,627,400	2,576,300		13.27
Public Works	3,554,737	2,937,730	567,057		3.57
Railways	22,520	22,530		10	.02
Treasury	10,515,055	9,636,128	1,178,927		10.88
Industries & Labour	1,039,240	939,930	99,310		1.04
Public Welfare	8,967,745	7,320,090	1,647,655		9.00
Vocational Training	437,845	409,467	28,378		.44
Economic Affairs	561,850	555,690	6,160		.56
Lands & Forests	3,309,550	3,157,715	151,775		3.32
Mines and Minerals	1,023,495	891,370	136,625		1.03
Highways	15,119,365	12,034,440	3,084,925		15.21
	<u>\$99,612,957</u>	<u>\$85,418,345</u>	<u>\$14,220,302</u>	<u>\$ 25,690</u>	<u>100%</u>

A net Increase of \$14,194,612

Analyzing this summary you will note that the largest appropriation is for the Department of Education, which is allocated \$22,338,110, representing 22.4% of the total expenditures proposed, and an increase of \$3,689,980 over the amount provided last year.

In keeping with the government's policy of ensuring that all citizens benefit from the increased revenues accruing to the public treasury from the development of our natural resources, a substantial increase is proposed in school grants to ease the burden on municipal taxation for education. The amount provided for school operating grants has been increased from \$11,617,000 to \$14,260,000, for school construction grants from \$2,700,000 to \$3,500,000, and for the Teachers' Retirement Pension Fund from \$650,000 to \$800,000, making a total appropriation of \$18,560,000, an increase of \$3,593,000 over last year.

The Department of Public Health has been allotted appropriations totalling \$18,204,200, or 18.27% of the total estimated expenditures. This is an increase of \$2,576,800 over last year's appropriation of \$15,627,400, after deducting reimbursements from the Government of Canada amounting to \$2,760,400.

The major expenditures proposed for public health include \$2,650,000 to provide hospitalization and medical care for pensioners, \$2,600,000 for grants to local authorities under hospital agreements providing low cost hospitalization to their residents. An amount of \$2,300,000 is provided for maternity hospitalization and the sum of \$900,000 for the treatment of poliomyelitis sufferers. In regard to the latter expenditure, the province has assumed all the cost of hospital and medical care of poliomyelitis sufferers, including the initial isolation period of 14 days and the expense of iron lung treatment, which previously were the responsibility of the patient.

For the information of the honorable members, the following table summarizes the various public health services now financed, in whole or in part, from the provincial treasury.

	1954-55	1953-54	Increase or Decrease x
Care of Tuberculosis patients	\$ 1,692,800	\$ 1,549,800	\$ 143,000
Cancer Treatment (net)	290,900	268,600	22,300
Maternity Hospitalization	2,300,000	1,942,400	357,600
Mental Institutions	4,031,800	3,622,200	409,600
Grants to Hospitals and Local Authorities	4,180,000	3,327,200	852,800
Hospital and medical care of pensioners	2,650,000	2,391,000	259,000
Public Health Laboratory	261,100	267,500	6,400x
Hospital Construction Grants (net)	500,000	500,000	.....
Hospitalization and rehabilitation of poliomyelitis patients	900,000	117,100	782,900
Other Health Services	1,397,600	1,641,600	244,000x
	<u>\$18,204,200</u>	<u>\$15,627,400</u>	<u>\$ 2,576,800</u>

Appropriations for the Treasury Department amount to \$10,815,055, an increase of \$1,178,927 over last year. Of the total appropriation, \$8,534,675 is provided for unconditional grants to municipalities under the Municipal Assistance Act and represents 50% of the revenue accruing to the province from gasoline tax under the Fuel Oil Act during the last preceding year.

The following table indicates the direct and unconditional financial assistance which has accrued to Alberta municipalities under the Municipal Assistance Act since it was passed by this Legislature three years ago.

1951 - 52	\$ 4,665,029
1952 - 53	5,991,151
1953 - 54	7,335,103
1954 - 55	8,534,675
TOTAL	<u>\$26,575,963</u>

I will refer in greater detail to the government's over-all program of municipal assistance after dealing with statutory appropriations.

The operation of provincial Treasury Branches require the sum of \$1,549,790 during the ensuing year but revenues from this source are expected to yield \$1,650,000.

Appropriations for the Department of Public Works have been increased by \$567,057 to a total of \$4,554,787. This increase is due to the greater number of public buildings and institutions now in use and to higher maintenance costs.

The vastly expanded network of provincial and district roads will require substantially increased appropriations for proper maintenance. For this purpose, appropriations totalling \$15,119,365 are provided and are allocated for the following purposes:

	1954-55	1953-54	Increase
Ferries	\$ 275,000	\$ 275,000	\$
Maintenance main highway bridges	496,000	477,400	18,600
Municipal & Improvement			
District bridge construction and maintenance.....	2,000,000	1,600,000	400,000
Main Highways	3,500,000	3,500,000	.....
District Highways — Grants	6,625,000	5,625,000	1,000,000
Special municipal projects construction grants	1,630,000	.....	1,630,000
Other purposes	593,365	557,040	36,325
	<u>\$15,119,365</u>	<u>\$12,034,440</u>	<u>\$ 3,084,925</u>

The amount of \$6,625,000 allotted for grants for district highways is an increase of \$1,000,000 over the amount provided last year and will be distributed as follows:

	Estimates 1954-55	Estimates 1953-54	Increase
Grants to Improvement Districts	\$ 3,000,000	\$ 2,500,000	\$ 500,000
Grants to Special Areas	125,000	125,000	.....
Grants to Municipal Districts	3,300,000	3,000,000	300,000
Special contingencies	200,000	.....	200,000
	<u>\$ 6,625,000</u>	<u>\$ 5,625,000</u>	<u>\$ 1,000,000</u>

The new appropriation of \$200,000 for special contingencies will be used to provide special grants for areas where abnormal maintenance of district roads is necessitated by the movement of heavy equipment due to oil development or other unusual circumstances beyond the control of the local governmental authority.

The sum of \$1,630,000, provided under the heading of Special Municipal Projects Construction Grants, represents provincial assistance to the extent of \$750,000 to the City of Edmonton for the construction of the Groat bridge, to the City of Calgary, \$700,000 towards the construction of the fourteenth street bridge and \$150,000 for the Cushing bridge, and for the City of Medicine Hat, \$30,000 towards the construction of a vehicle subway.

The Department of Public Welfare has been allocated \$8,967,745, an increase of \$1,647,655 over the amount provided last year. This increase is necessitated by amendments to two important Public Welfare statutes which will be submitted for your approval during the present session.

The first is an amendment to the Disabled Persons Pensions Act, extending the benefits of this statute to those mentally as well as physically disabled. The second is an amendment to the Supplementary Allowances Act, increasing from \$10.00 to \$15.00 per month the supplementary pension, paid by the province to recipients of old age security pensions, old age assistance pensions and blind persons allowance. It also is proposed to increase by \$60.00 the allowable annual income of each of these categories for supplementary pension purposes. This will extend the additional benefits of free hospital and medical services to a substantial number of pensioners who, at the present time, are borderline cases. These revisions will place the Province of Alberta substantially in the lead of all Canadian provinces in the amount of supplementary pensions provided for our aged and afflicted citizens, in the amount of allowable income these citizens may receive without interfering with their pensions, and

in the extent of free medical and hospital services provided for pensioners, for widows, and for those physically and mentally disabled.

The Department of Agriculture, including the Water Resources Branch, has been allotted \$2,533,805, an increase of \$168,340 over last year. The increase is due to the continued expansion of the government's comprehensive agricultural program designed to assist those engaged in our basic industry progressively to improve and stabilize their farm operations.

Appropriations for the Attorney General's Department total \$3,420,150, an increase of \$416,035 over the current year. The new rehabilitation centre at Belmont for the treatment of alcoholics, the first unit of which is now in operation, will require expenditures totalling \$68,920. The sum of \$13,430 is provided to assist in the rehabilitation of released offenders through the facilities of the new Adult Probation Branch.

The operation of the Fort Saskatchewan and Lethbridge jails will require \$572,205 and the Bowden Institute and Juvenile Offenders Branch \$284,105. Revisions of costs under the R.C.M.P. agreement will require an additional \$34,100. The total cost to the province of R.C.M.P. services provided to the province under agreement with the Government of Canada will amount to \$683,700 for the ensuing year.

The sum of \$3,309,550 has been provided for the Department of Lands and Forests. The increase of \$151,775 over the current year is due primarily to the further enlargement of the forest preservation program recommended in the Delehay report.

The Department of Industries and Labor has been allotted \$1,039,240. The increase of \$99,310 over the current year is mainly due to additional inspection services required under the Electrical Protection and Boilers Acts.

Under the appropriation for Legislation, totalling \$598,895 you will note an increase of \$146,860 over the current year. Of this amount, \$83,500 is required for the work of the Statute Revision Committee. Provision has been made for a modest upward revision in the allowances provided for the Honorable Speaker and Deputy Speaker of this Assembly and for the Leader of Her Majesty's Most Loyal Opposition. A \$600 increase in the sessional indemnity of honorable members is provided bringing the total indemnity to \$3,600 per annum and an aggregate increase of \$36,000 in the funds appropriated for this purpose.

There have been no revisions in sessional indemnities since the budget of 1949-50 and having regard to the substantial increases which have occurred in living costs and in the unavoidable expenses, which must be borne by members of the Legislature if they are to serve effectively those they represent, the government is confident that the moderate adjustment proposed will have general public endorsement.

CAPITAL ACCOUNT

Capital receipts are estimated at a total of \$5,341,600, which is an increase over the amount estimated for the current year of \$26,600.

The details are as follows:

RECEIPTS — CAPITAL ACCOUNT

Department	Estimates 1954-55	Estimates 1953-54	Increase	Decrease
Agriculture	\$ 40,000	\$ 115,000		\$ 75,000
Agric. Water Resources	91,100	232,200		141,100
Municipal Affairs	12,000	12,000		
Public Works	5,500	4,500	\$ 1,000	
Treasury	2,007,000	1,627,300	379,700	
Lands and Forests	165,000	161,000	4,000	
Highways	3,021,000	3,163,000		142,000
	<u>\$ 5,341,600</u>	<u>\$ 5,315,000</u>	<u>\$ 384,700</u>	<u>\$ 358,100</u>

A net increase of \$26,600

The increase of \$379,700 in Treasury Department capital receipts is accounted for by increased repayments on loans made to the Alberta Government Telephones and on monies advanced to municipalities under the Self-Liquidating Projects Act. The decrease of \$141,000 in the Water Resources Branch is due to the discontinuance of advances which formerly were made to certain irrigation districts pending receipt of water rates. The decrease in the Department of Highways is due to the decreased reimbursement expected from the Government of Canada under the Trans-Canada highway agreement.

CAPITAL EXPENDITURES

Capital expenditures for the ensuing year are estimated at \$57,336,755, an increase of \$4,796,970 over the amount provided for the current year.

Estimated capital expenditures by departments are as follows:

Department	Estimates 1954-55	Estimates 1953-54	Increase	Decrease
Agriculture	\$ 86,000	\$ 96,000		\$ 10,000
Agric. Water Resources	4,432,940	4,620,025		187,085
Education	20,000		\$ 20,000	
Public Works	10,767,985	6,636,000	4,131,985	
Treasury	25,000	5,025,000		5,000,000
Lands and Forests	119,000	200,740		81,740
Mines and Minerals	25,000	10,000	15,000	
Highways	41,860,830	35,952,020	5,908,810	
	<u>\$57,336,755</u>	<u>\$52,539,785</u>	<u>\$10,075,795</u>	<u>\$ 5,278,825</u>

A net increase of \$4,796,970

The rapid growth and development of the province emphasizes the importance of completing, as rapidly as possible, an adequate province-wide network of all-weather highways. To this end, the comprehensive program commenced last year will be accelerated during the ensuing year. Total appropriations for highway and bridge construction amount to \$41,860,830 and are allocated as follows:

	1954-55	1953-54	Increase
Main Highways	\$30,329,010	\$26,152,770	\$ 4,176,240
Trans-Canada Highway	6,409,980	6,336,530	73,400
Bridges	4,500,000	3,000,000	1,500,000
Ferries	25,000	25,000	
Sundry construction	596,740	437,670	159,170
	<u>\$41,860,830</u>	<u>\$35,952,020</u>	<u>\$ 5,908,810</u>

Of this amount, \$3,000,000 will be reimbursed by the Government of Canada under the Trans-Canada highway agreement. All highways constructed under this comprehensive program will be designed and built to the high engineering standards and specifications necessary to ensure long life under modern traffic conditions and to make certain that the public will receive maximum value for every dollar spent.

The sum of \$4,500,000 allocated for bridges is an increase of \$1,500,000 over last year and is necessary in view of the expanded highway program.

The further development of the St. Mary's and Milk River irrigation project will require \$3,192,000 during the ensuing year and an amount of \$755,000 has been allocated for the construction of the Bow River irrigation project.

The sum of \$9,472,400 has been allocated to the Department of Public Works for the construction of public institutions and other buildings necessary to keep pace with the growing needs of our increased population and steadily expanding provincial economy.

The major construction projects which will be undertaken during the ensuing year are as follows:

Completion of a new ward, a new clinical building and various other buildings at the Provincial Training School, Red Deer	\$ 256,000
A new Adult Mental Defectives Building at Red Deer	600,000
An addition to the dining room and the completion of the admission ward and other staff buildings at Oliver	1,065,400
Additional male staff quarters and other renovations of wards and other staff buildings at Ponoka	349,000
To complete a new ward and staff buildings at the Rosehaven Home in Camrose	329,500
A 200-bed poliomyelitis and pediatric wing at the University Hospital, Edmonton (initial construction)	500,000
The completion of the Agriculture Building and other necessary construction at the University of Alberta	649,000
The reconstruction of the main Edmonton branch and the head office of the Provincial Treasury Branch System	150,000
A laboratory for the Research Council of Alberta (initial construction)	400,000
A Department of Highways Administration Building	1,000,000
Addition to Court House at Edmonton and new Court Houses at Drumheller, Grande Prairie and Peace River	750,000
Various necessary buildings at the Fort Saskatchewan and Lethbridge Jails	291,000
A new building for juvenile delinquents and staff buildings at the Bowden Institution	369,500
An Alcoholic Rehabilitation Centre at Edmonton	497,000
A provincial School for the Deaf (initial construction)	500,000
A new provincial jail to be located at Calgary to serve the southern and central areas of the province (initial construction)	100,000
The completion of the new Unemployable Single Men's Home at Edmonton	250,000
Other necessary public buildings throughout the province	1,416,000
	<u>\$9,472,400</u>

The Government has continued to adhere to its policy of diverting to capital expenditures and the retirement of public debt incurred for capital expenditures all revenues derived from oil royalties and the sale of Crown reservations and development leases.

For the information of the honorable members, the following table shows the revenue accruing to the public treasury from these sources since the discovery of the Leduc oil field in 1947 and the sums which have been expended annually on capital construction and debt retirement during the same period.

**REVENUE FROM OIL DEVELOPMENT
SALE OF CROWN LEASES AND ROYALTIES**

		Provincial Lands	School Lands
1948 - 49 Actual		\$ 10,340,000	\$ 200,000
1949 - 50		26,550,000	344,000
1950 - 51		32,763,000	1,550,000
1951 - 52		22,580,000	1,711,000
1952 - 53		32,013,000	5,050,000
1953 - 54 Actual to Jan. 31, 1954		64,853,000	3,337,000
1954 - 55 Estimated		32,000,000	2,250,000
TOTAL		<u>\$221,109,000</u>	<u>\$ 14,442,000</u>

During the same period capital expenditures for provincial construction and debt retirement was as follows:

EXPENDITURES ON CAPITAL CONSTRUCTION

1948 - 49	Actual	\$ 16,790,000
1949 - 50	"	16,757,000
1950 - 51	"	23,326,000
1951 - 52	"	24,593,000
1952 - 53	"	37,568,000
1953 - 54	Actual to Dec. 31, 1953	40,097,000
1954 - 55	Estimated	51,746,000
		<u>\$210,877,000</u>
Debt Retirement for same period		32,769,000
TOTAL		<u>\$243,646,000</u>

STATUTORY APPROPRIATIONS

During the coming year, the government proposes to continue and further expand its program of making available low cost loans to assist in financing necessary capital expenditures.

To provide the sums required for this purpose, you will be asked to approve statutory appropriations totalling \$48,000,000 allocated as follows:

Rural Electrification Revolving Fund	\$ 5,000,000
Alberta Government Telephones	8,000,000
Municipal Capital Expenditures Revolving Fund	35,000,000

The \$5,000,000 allocated to the rural electrification revolving fund will increase to \$10,000,000 the total amount provided for loans to rural electrification associations to assist in financing the construction of rural power lines.

The \$8,000,000 loan to the Alberta Government Telephones is required to meet additional capital expenditures necessary to keep pace with the steadily increasing demands for additional telephone facilities.

MUNICIPAL ASSISTANCE

In the field of municipal assistance, it is proposed to allocate an additional \$35,000,000 to the Municipal Capital Expenditure revolving fund, established at the last session, which sum will be sufficient to finance the necessary capital borrowings of all Alberta municipalities during 1954 and, for the second consecutive year, will make it unnecessary for any municipality to borrow money on the open market.

The statutory appropriation proposed will increase to \$60,000,000 the amount allocated to date to the municipal capital expenditures revolving fund. To further extend the benefits of this program, legislation will be introduced during the present session to enable municipal hospital districts to qualify for loans for approved capital.

As at March 1st, 1954, loans to municipalities under the Self-Liquidating Projects Act of 1950 total \$21,558,279. Under this legislation, low cost loans for the installation of water and sewage systems and other utilities were made to five cities, 55 towns and 40 villages. The interest rate on these loans is 2% and repayments of principal are amortized over periods up to a maximum of 20 years. As a result of this assistance, many Alberta towns and villages today

enjoy the advantages and convenience of modern utilities which otherwise would have been beyond their ability to finance.

In addition to the provisions already referred to, a sum of \$5,000,000 will be loaned from the school lands trust fund to school authorities under the terms of the School Buildings Assistance Act to assist in defraying the cost of new school construction during the coming year.

This comprehensive program, designed to provide local authorities with low cost funds for necessary capital expenditures, is an integral part of the government's over-all municipal assistance program which is designed to accomplish three major objectives.

1. Pass on to municipal ratepayers the financial benefits accruing to the province from the orderly development of our natural resources.
2. Transfer external municipal indebtedness to the provincial government to ensure lower debt service charges and retain all interest payments in the province. Savings to municipal ratepayers on debt service charges already amount to approximately \$2,000,000 per annum.
3. Assist municipalities in attaining a financial position that will eliminate the need for large scale borrowing and make possible a reduction in taxation and a program of orderly debt retirement.

The following summary indicates the extent to which this comprehensive program has been developed during the past five years.

PROVINCIAL MUNICIPAL ASSISTANCE For the Five Fiscal Years Ending March 31, 1955

	1950-51	1951-52	1952-53	1953-54	1954-55	Totals
	Actual	Actual	Actual	Estimates	Estimates	
Direct Provincial Financial Assistance						
1. Education:						
Operational Grants to Schools	\$ 7,847,406	\$ 8,826,078	\$ 9,883,082	\$11,617,000	\$14,260,000	\$ 52,433,566
Construction Grants to Schools	983,750	2,261,371	1,482,934	2,700,000	3,500,000	10,878,055
Grants to Teachers' Retirement Fund	549,006	597,718	665,327	650,000	800,000	3,262,051
2. Public Health:						
Hospitalization Grants	1,343,557	1,931,628	2,727,704	3,648,700	4,180,000	13,831,589
Hospital Construction Grants	599,370	784,554	677,908	500,000	500,000	3,081,832
Health Service Grants .....	.....	36,187	55,717	58,000	60,000	209,904
3. Highways:						
Grants for Construction of Roads, Bridges and other Structures	4,295,916	4,599,966	5,034,432	7,225,000	10,255,000	31,410,314
4. Treasury:						
Grants in lieu of Taxes	88,500	89,315	91,345	111,500	111,500	492,160
Municipal Assistance Grants .....	.....	4,665,029	5,991,151	7,385,100	8,535,000	26,576,280
5. Attorney General's Department:						
Remission of Fines collected under The Alberta Liquor Act	83,062	90,753	110,298	90,000	120,000	494,113
6. Public Welfare:						
Indigent Relief	925,169	1,078,695	742,992	842,500	738,050	4,327,406
7. Lands and Forests:						
Refunds of Cultivation and Grazing Leases Revenue	247,767	355,834	479,839	500,000	500,000	2,083,440
TOTAL: Direct Financial Assistance	\$16,913,503	\$25,317,128	\$27,942,729	\$35,327,800	\$43,559,550	\$149,060,710
Indirect Provincial Financial Assistance:						
1. Medical and Hospital Care for Pensioners	\$ 1,183,755	\$ 1,322,978	\$ 1,886,633	\$ 2,391,000	\$ 2,650,000	\$ 9,334,366
2. Other Public Health and Welfare Services	1,201,000	1,317,320	1,970,110	2,413,100	3,575,900	10,477,430
TOTAL: Indirect Financial Assistance	\$ 2,384,755	\$ 2,640,298	\$ 3,806,743	\$ 4,804,100	\$ 6,225,900	\$ 19,811,796
TOTAL: Direct and Indirect Financial Assistance	\$19,248,258	\$27,957,426	\$31,749,472	\$40,131,900	\$49,785,450	\$168,872,506
Assistance by Low-Interest Rate Loans:						
Self Liquidating Projects Act	\$ 4,978,353	\$ 6,055,650	\$ 5,861,070	\$ 5,000,000	.....	\$ 21,895,073
Municipal Capital Expenditure Loans Act .....	.....	.....	.....	25,000,000	35,000,000	60,000,000
Other Municipal Loans .....	.....	.....	\$12,200,000	.....	.....	12,200,000
School Construction Loans	926,712	2,247,956	2,184,825	5,500,000	5,000,000	15,850,493
TOTAL: Assistance by Loans	\$5,905,065	\$8,303,606	\$20,245,895	\$35,500,000	\$40,000,000	\$109,954,566

Honorable members will note that for the five-year period direct and indirect provincial assistance to municipalities totals \$168,872,506. Assistance through low interest rate loans for municipal capital expenditures for the same period amounts to \$109,954,566, making a grand total of \$278,827,072, which is over \$40,000,000 more than the total amount collected in the entire province during the last five years in all municipal, school and hospital taxes combined. The progressive expansion of the government's program of municipal assistance is indicated by the substantial increase in the total amount of financial aid provided in each of the five fiscal years covered by the summary. The amounts are as follows:

1950 - 51	\$25,153,323
1951 - 52	36,261,032
1952 - 53	51,995,367
1953 - 54	75,631,900
1954 - 55	89,785,450

In the light of these figures, it cannot truthfully be said that the provincial government has been indifferent to the financial problems confronting the municipal governments or niggardly in sharing with municipal authorities the buoyant revenues accruing to the public treasury from the development of our natural resources.

Honorable members will be interested in the allocation of provincial aid as between the two major cities of the province and the municipalities of the province as a whole.

The following summary indicates the extent of provincial financial assistance to the cities of Edmonton and Calgary for the three fiscal years ending March 31st, 1953, to March 31st, 1955.

PROVINCIAL FINANCIAL ASSISTANCE TO THE CITIES OF EDMONTON AND CALGARY **For the Three Fiscal Years Ending March 31, 1953, to March 31, 1955**

	1952-53 Actual		1953-54 Actual		1954-55 Estimated		Totals	
	Edmonton	Calgary	Edmonton	Calgary	Edmonton	Calgary	Edmonton	Calgary
Direct Provincial Financial Assistance								
1. Education:								
Operational Grants to School	\$ 542,133	\$ 443,359	\$ 802,898	\$ 645,784	\$ 1,142,700	\$ 912,800	\$ 2,487,671	\$ 2,001,943
Construction Grants to Schools	483,259	291,211	585,490	23,675	1,250,000	1,000,000	2,318,749	1,314,886
Grants to Teachers' Retirement Fund	109,931	70,664	99,666	92,927	110,000	100,000	319,597	263,591
Public Health:								
Hospitalization Grants	549,167	452,575	927,420	569,958	1,158,000	594,500	2,634,587	1,617,033
Hospital Construction Grants	694,443	105,792	166,578	218,917	116,625	.....	977,646	324,709
Health Service Grants	29,924	25,794	32,140	26,297	33,000	27,000	95,064	79,091
3. Highways:								
Grants for Construction of Roads, Bridges and other Structures	8,328	146,230	263,705	133,800	763,705	838,800	1,035,738	1,138,830
4. Treasury:								
Grants in lieu of Taxes	45,000	32,165	49,825	34,400	50,000	35,000	144,825	101,565
Municipal Assistance Grants	1,069,712	809,143	1,336,891	940,724	1,540,000	1,085,000	3,946,603	2,834,867
5. Attorney General's Department:								
Remission of Fines collected under The Alberta Liquor Act	41,143	18,563	46,969	21,281	53,000	24,000	141,112	63,844
6. Public Welfare:								
Indigent Relief	195,013	105,465	205,017	102,314	213,000	112,000	613,030	319,779
TOTAL: Direct Financial Assistance	\$ 3,708,053	\$ 2,500,961	\$ 4,516,539	\$ 2,810,077	\$ 6,430,030	\$ 4,749,100	\$ 14,714,622	\$ 10,060,198
Indirect Provincial Financial Assistance:								
1. Medical and Hospital Care for Pensioners	\$ 441,082	\$ 156,542	\$ 679,035	\$ 244,435	\$ 700,000	\$ 250,000	\$ 1,820,117	\$ 650,977
2. Other Public Health and Welfare Services	682,408	406,569	1,219,423	769,034	1,285,000	797,000	3,186,831	1,972,603
TOTAL: Indirect Financial Assistance	\$ 1,123,490	\$ 563,111	\$ 1,898,458	\$ 1,013,469	\$ 1,985,000	\$ 1,047,000	\$ 5,006,948	\$ 2,623,580
TOTAL: Direct and Indirect Financial Assistance	\$ 4,831,543	\$ 3,064,072	\$ 6,414,997	\$ 3,823,546	\$ 8,415,030	\$ 5,796,100	\$ 19,721,570	\$ 12,683,718
Assistance by Low-Interest Rate Loans:								
Self Liquidating Projects Act	\$ 1,000,000	\$ 1,000,000	.....	.....	.....	.....	\$ 1,000,000	\$ 1,000,000
Municipal Capital Expenditure Loans Act .....	.....	.....	\$ 9,500,000	\$ 11,500,000	\$ 11,000,000	\$ 12,000,000	20,500,000	23,500,000
Other Municipal Loans	5,500,000	4,300,000	.....	.....	.....	.....	5,500,000	4,300,000
School Construction Loans	850,000	455,000	1,433,000	812,880	2,000,000	1,500,000	4,283,000	2,767,880
TOTAL: Assistance by Loans	\$ 7,350,000	\$ 5,755,000	\$ 10,933,000	\$ 12,312,880	\$ 13,000,000	\$ 13,500,000	\$ 31,283,000	\$ 31,567,880

It will be noted that the total provincial financial assistance to the City of Edmonton for the three-year period amounts to \$51,004,570 and to the City of Calgary, \$44,251,598, making a combined total for the two cities of \$95,256,168, an average of \$31,752,056 per year.

For the same three fiscal years, provincial financial assistance to all Alberta municipalities totals \$217,412,717. From this it will be seen that Alberta's two major cities, representing 34% of the provincial population will receive approximately 43% of the total provincial municipal assistance during the three-year period. It should be noted, however, that the ratio of capital loans to direct assistance is higher in the cities than in other municipalities.

CONCLUSION

In conclusion may I comment briefly on the future outlook in the light of present circumstances and as indicated by current events.

There are increasing indications that Canada shortly may be faced with a recurrence of those economic disabilities which stem from the inability of the present financial system to ensure the effective distribution of our abundant national production in times of peace. Declining prices for primary products, excessive credit buying and increasing unemployment are unmistakable warnings that a monetary system, designed for an age of scarcity, is inadequate to preserve the present level of national prosperity in an era of abundant production without the artificial stimulus of large scale war or defence expenditures to augment the buying power of the consuming public.

Effective measures to correct these disabilities unfortunately are outside the legislative jurisdiction of this Assembly, but as representatives of the people of this province whose interests are involved, we have a right and a responsibility to urge upon the Parliament of Canada the imperative need for effective action to correct this situation.

Within this province, we are fortunate in that circumstances enable us to offset to a large degree the impact of these national disabilities on our provincial economy. Through the orderly development of the vast natural resources with which we are blessed, we have been able to attain a high standard of provincial prosperity. If, as a province, we adhere to policies which ensure the continued and still greater development of those resources, the new wealth stemming from such development can be an effective bulwark against many of the economic ills which stem from the chronic defects in the national monetary system. Since the Leduc discovery well came into production in February of 1947, the public treasury of this province has received as a direct result of oil and gas development as at January 31st, 1954, \$271,955,853, which is over \$35,000,000 more than the total amount paid by all the people of Alberta in municipal, school and hospital taxes combined during the same period. For the present year, revenues from oil will exceed \$90,000,000 which is one and a half times the total of all municipal, school and hospital taxes paid during 1953. By the end of the present year, revenues from oil and gas development will have doubled almost four times since the fiscal year of 1948-49 when revenue from oil first became a major factor in our provincial economy.

It is well within the realm of possibility that in the foreseeable future revenue from further oil and gas development will be double that of the present year, in which case the increase alone from this one source would be sufficient to eliminate all present municipal, school and hospital taxes with a balance of approximately \$30,000,000 available for debt retirement or such other purposes as may be considered in the public interest.

I am not suggesting that it would be either practical or desirable for all local expenditures to be financed by grants from the provincial treasury. Such an arrangement would be inefficient and unsound in principle in that it would reduce local governments to the status of mere spending agencies dispersing funds in the collection of which they would have no voice or responsibility.

The increasing extent to which municipal and school expenditures are being financed by grants and loans from the provincial treasury already is a matter of concern to those who recognize the importance of preserving the greatest possible measure of local autonomy and the financial responsibilities which attach thereto. The government shares this concern and, in co-operation with municipal authorities, will continue to work towards the establishment of local governments with sources of revenue under their own jurisdiction and control and adequate to meet their requirements without undue dependence on progressively increased grants from the provincial treasury. The attainment of this objective requires not merely a reorganization of revenue sources but that the individual ratepayer be assisted in attaining a financial position that will enable him to meet his just share of the cost of autonomous local government.

It may be that the time is coming when the interests of responsible self government will be better served by levelling off the measure of provincial financial aid and distributing directly to the individual citizens of each community an equitable share of the revenues accruing from the development of their natural resources in the form of citizens' participation dividends. Such a policy not only would enhance the financial ability of ratepayers to meet the operating costs of autonomous local government but would recognize each citizen's personal stake in the natural resources of the province and his right to an equitable share of the benefits accruing from their orderly development.

The budget I have presented tonight is designed to ensure the continued expansion of our provincial economy and encourage the further development of our vast resources to the end that these even greater benefits can and will be assured to all our people.

Mr. Speaker, I move that you do now leave the chair and that this Assembly resolve itself into a Committee of Supply for the consideration of sums to be granted to Her Majesty.

GOVERNMENT OF THE PROVINCE OF ALBERTA

STATISTICS

(Revised to latest available figures)

Area:	Square Miles	Acres
Land.....	248,800	159,232,000
Water.....	6,485	4,150,400
Total.....	255,285	163,382,400

Disposition of Land Area:

National Parks	20,718	13,259,520
Provincial Parks.....	14	8,960
Provincial Lands, including—		
Leased lands and forest reserves, but not Provincial Parks.....	135,788	86,904,320
Alienated lands from the Crown or in process of alienation	78,313	50,120,320
Indian Reserves.....	2,296	1,469,440
Federal lands other than National Parks and Indian Reserves	11,671	7,469,440
	248,800	159,232,000

Population:

	1941	1946	1951
Total Population.....	796,169	803,330	939,501
Farm Population.....	383,964	335,610	345,222

Farm Holdings and Tenure:

Number of farms*	99,732	89,541	84,315
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* Up to and including the 1946 Census a farm consisted of all the land in a municipality farmed by one person, if the land were one acre or more in size, and produced agricultural products valued at \$50.00 or more. In 1951, a farm must be three acres or more in size, or from one to three acres in size with agricultural production valued at \$250.00 or more. Furthermore, where a farm was previously designated as being several farms by reason of being situated in more than one municipality, the 1951 Census reported the complete farm as one unit.

	1941	1946	1951
Area in farms	43,277,295	41,451,454	44,459,632
Occupied by owner.....	26,706,328	26,528,931	29,301,589
Occupied by tenant.....	16,570,967	14,922,523	15,158,043
Improved land.....	20,125,220	20,031,655	22,271,044
Under crop.....	12,284,123	12,865,855	14,427,631
Unimproved land	23,152,075	21,419,799	22,188,588

Livestock on Farms:

	No. 1952	No. 1953		No. 1952	No. 1953
Horses.....	239,700	222,000	Domestic fowl.....	8,420,000	8,280,000
Cattle.....	1,754,000	1,910,000	Turkeys.....	640,000	530,000
Sheep and Lambs	387,000	432,000	Geese.....	80,000	78,000
Swine.....	1,170,000	1,180,000	Ducks.....	95,000	91,000

GOVERNMENT OF THE PROVINCE OF ALBERTA

STATISTICS

AGRICULTURAL PRODUCTION

	1952		1953 (Preliminary)	
Field Crops:	Production, Bus.	Value	Production, Bus.	Value
Wheat.....	172,000,000	\$ 263,160,000	163,000,000	\$ 254,280,000
Oats.....	129,000,000	76,110,000	112,000,000	67,200,000
Barley.....	118,000,000	121,540,000	108,000,000	88,560,000
Other Grains.....	15,600,000	12,636,000	12,521,000	10,773,000
Flax Seed.....	2,000,000	6,200,000	1,800,000	4,194,000
Potatoes.....	3,256,000	4,982,000	2,757,000	3,474,000
	Tons		Tons	
Sugar Beets.....	479,849	7,680,000	422,460	5,914,000
Tame Hay.....	2,261,000	35,046,000	2,600,000	36,400,000
Miscellaneous.....	.....	7,444,000	.....	5,872,000
Total Value: Field Crops.....		\$534,798,000		\$476,667,000
Livestock and Livestock Products:	No.	Value	No.	Value
Cattle.....	382,637	\$ 71,115,000	463,424	\$ 67,020,000
Calves.....	62,760	6,506,000	107,107	6,323,000
Sheep and Lambs.....	133,086	2,432,000	107,180	1,834,000
Swine.....	1,362,142	52,674,000	1,445,028	67,870,000
Horses.....	17,726	713,000	32,026	1,379,000
Dairy Products.....	.....	45,655,000	.....	47,913,000
Poultry Products.....	.....	25,141,000	.....	27,870,000
Honey and Wax.....	.....	618,000	.....	470,000
Wool.....	.....	687,000	.....	774,000
Fur Farming.....	.....	2,836,000	.....	2,651,000
Total Value: Livestock and Livestock Products.....		\$208,377,000		\$224,104,000
Total Value: Agricultural Production.....		\$743,175,000		\$700,771,000

NATURAL RESOURCES

	1952		1953	
	Production	Value	Production	Value
Petroleum.....	58,908,722 bbls.	\$139,657,915	76,818,432 bbls.	\$193,118,494
Natural Gas (consumption).....	79,149,895 MCF	5,936,242	87,858,000 MCF	6,589,350
Coal.....	7,194,472 tons	39,974,318	5,917,423 tons	32,158,435
Salt.....	24,388 tons	614,522	24,903	612,492
Forestry—				
Lumber Cut (Crown Lands) ...	408,645,000 ft. b.m.	16,345,800	409,500,000 ft. b.m.	16,380,000
Forestry—Miscellaneous.....		3,600,200		3,600,000
Commercial Fishing.....	9,656,981 lbs.	942,888	10,428,000 lbs.	1,127,500
Fur (Wild Life).....		1,765,849		1,616,884
TOTAL NATURAL RESOURCES:		\$208,837,734		\$255,203,155
(As listed above)				

OTHER STATISTICS

	1952	1953
Trade and Industry:		
Retail Trade.....—Sales	\$ 944,123,000	972,688,000
Wholesale Trade.....—Sales	\$ 540,000,000	575,000,000
Manufacturing Industries.....—Value of Production \$	509,800,000	537,300,000
Electric Power.....—Consumption K.W. Hrs.	1,163,293,000	1,321,882,000
School Rooms.....—In operation.....No.	6,392	6,552
Motor Vehicles.....No.	291,469	317,000
Gravelled or Surfaced Roads and Highways.....Miles	22,636	26,236
Bank Clearings.....\$	3,594,105,352	3,957,399,094
Bank Debits.....\$	7,857,888,767	9,041,687,000
Construction Industry.....—Contracts Awarded \$	231,191,300	215,010,900
Defence Contracts.....\$	27,014,090	14,734,770
Railways.....Miles	5,763	5,736

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$$u^2 + 2u + 1 = (u+1)^2 \quad \text{and} \quad u^2 + 2u + 1 = (u+1)^2$$

Journal of Management Education 36(8) 970-987

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